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Agricultural Situation

This Week in Canadian Agriculture, Issue 29 2004

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Report Highlights:

* Cattle Industry Explores Contingencies While U.S. Border Remains Closed * End Declared
To Avian Influenza In British Columbia * Canadian Farm Cash Receipts Rise * Prairie Crop
Update * Stats Canada Released Crop Production Forecast

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1]
[CA]

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CATTLE INDUSTRY EXPLORES CONTINGENCIES WHILE U.S. BORDER REMAINS CLOSED: The Canadian Cattlemen's Association (CCA) is exploring contingency plans to address a cattle inventory backlog and insufficient domestic slaughter capacity. At the CCA's annual convention held last week in Calgary, the association revealed that it is considering a set aside style program with the support of the provinces and the federal government whereby fed cattle would be set aside on a holding ration and enrolled in a type of regulated marketing schedule to enable cattle to be slaughtered prior to 30 months of age. The plan may include government assistance funds to offset feed costs during the holding period. The CCA is hopeful that a plan will be forthcoming in the next few weeks. The industry has additional longer term goals to increase slaughter capacity particularly for cull animals and to increase its market share of the domestic market by displacing imported product.

END DECLARED TO AVIAN INFLUENZA IN BRITISH COLUMBIA: On August 18, 2004 the Canadian Food Inspection Agency lifted all remaining movement restrictions on birds, bird products and bird by-products in British Columbia's Fraser Valley and declared an end to the avian influenza response operation which began on February 19, 2004. Exports of U.S. poultry to Canada were sharply higher in the first six months of 2004 reflecting the shortfall in Canadian supplies caused by the avian influenza crisis in British Columbia. The GOC initiated a special supplementary import provision to facilitate additional imports during the domestic production shortfall. For an update on the Canadian poultry meat situation see the Annual Poultry Report for Canada scheduled to be released on the FAS/W website by the end of next week.

CANADIAN FARM CASH RECEIPTS RISE: In spite of the ongoing border closure due to BSE, Canadian farm cash receipts rose 6.3 per cent from the same period last year (January to June) to hit \$17.9 billion, reports Stats Canada. Farm cash receipts are a measure of the gross farm revenues, which includes payments from government aid programs. Crop producers saw revenues climb 21.7% to \$7.4 billion, as a result of farmers recovering from two consecutive years of drought in Western Canada. On the flip side, lower cattle receipts contributed to lower overall livestock receipts tumbling 5.6% to \$8.2 billion. This is the lowest level since 1999. One of the bright spots in the livestock sector was an increase in revenues for the hog sector. They posted a 16.9% jump in cash receipts to \$2.0 billion. Program payments rose 10.8% to \$2.3 billion. This was a result of additional assistance programs for the BSE, coupled with record Net Income Stabilization Account (NISA) withdrawals.

PRAIRIE CROP UPDATE: The fallout from last week's frost in southern Manitoba and Saskatchewan is still being assessed. From early reports, the cereal crops in both provinces weathered the frost with minimal damage, but damage will be further assessed in the coming weeks. The oilseeds and edible beans crops suffered the most damage from the frost. The Canola Council of Canada is reporting damage ranging from very light to severe, although in many cases the cool and wet conditions delayed the appearance of symptoms. The southwest portion of Manitoba extending to the Saskatchewan border reported the most severe damage to the canola crops. The impact of the frost on the cereal crops is expected to be in terms of quality and possibly decreased yield. In Saskatchewan, the provincial department of Agriculture is reporting that roughly 2/3 of its crop-growing region was hit by last week's frost. Approximately 1% of the 2004 crop has been combined with 5 % swathed or ready to be straight combined, which is below the five-year average of 13 and 17 per cent respectively. Crop development is still 2-3 weeks behind and the frost did not help the maturation process. Lodging is a major concern in many areas of the province. In Manitoba, the provincial department of Agriculture is reporting that frost and large amounts of rain across the province, is causing major problems. Besides the damage caused by the frost last week, water is starting to puddle in some fields, making it very difficult for producers to get out and harvest crops that are ready. In some regions, the spring and winter wheat are beginning to sprout. The potential for a bumper crop is being put in serious jeopardy. The only benefit to the cool, damp weather has been the minimal appearance of fusarium. The crops

throughout the province continue to be stalled and many are still 2 -3 weeks behind normal. There is a very strong possibility that the existing corn crops may be a write off.

STATS CANADA RELEASES CROP PRODUCTION FORECAST: Early this week Stats Canada released its production forecast Canadian crops. Total wheat production is forecast to reach 25.6 million metric tonnes (MMT), an increase of 9% from the 2003 level. The Western wheat crop was forecast at 23.717 MMT, up 12% from last year. Prairie barley production is forecast to increase 11% to 12.5 MMT, with yields forecast at 58.7 bushels per acre. Prairie canola production is forecast to increase 24% from 2003 to 8.17 MMT, as a result of increased seeded area and an increase in average yield. The flax crop is estimated to be 22% larger than 2003 as a result of higher yields. The Stats Canada estimates do not take into account the frost that hit Saskatchewan and Manitoba last week. The numbers they have projected were based on a July 31 survey. The production levels of a majority of the crops is expected to fall as a result of the frost and will most likely be lower than what has been forecast by Stats Canada.

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